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C O N F I D E N T I A L SECTION 01 OF 05 NEW DELHI 002142

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SUBJECT: U/S BURNS REVIEWS REGIONAL ISSUES WITH INDIAN FS

RAO: PAKISTAN, AFGHANISTAN, CHINA, RUSSIA, AND BEYOND

REF: NEW DELHI 2121

Classified By: Under Secretary for Political Affairs William J. Burns.  
Reason: 1.4 (b,d).

¶1. (C) Summary: During a wide-ranging review of regional issues with Under Secretary Burns on October 16, Indian Foreign Secretary Rao reviewed recent Indo-Pak discussions in New York and criticized Pakistani inaction on Hafiz Saeed and terrorist infiltrations. Rao described India as unable to commit to the Pakistani request for a Singh-Zardari meeting on the margins of the Commonwealth Summit in Trinidad, and opined that Punjab-based terrorist groups likely played some role in the recent spate of terrorist attacks plaguing Pakistan. She acknowledged GoI efforts to "win hearts and minds" in Jammu and Kashmir through development and renewed dialogue, but cautioned that Pakistani interference would continue to sow instability there.

¶2. (summary cont'd): On Afghanistan, Rao noted that Afghan leaders whom she met in Kabul just after the October 8 Indian Embassy bombing were eager to discuss increased police training and capacity building of the Afghan National Army. On Sri Lanka, Rao concurred on the importance of freedom of movement and IDP resettlement, but noted that a recent Indian Tamil delegation to Sri Lanka had returned reassured on conditions in the camps. Rao suggested that President Rajapaksa would wait until after April 2010 parliamentary elections to pursue reconciliation. Rao, most recently Indian Ambassador in Beijing, asserted that China's "edgy nationalism," increased assertiveness on its disputed borders, and interventionism beyond the Tibetan plateau into Nepal, Pakistan and beyond represented a "game changing" strategic challenge for India. Rao observed that Russia was now in a subordinate role in its partnership with China, a reversal relished by Beijing. Rao described India as eager to strengthen partnerships with Japan and South Korea to counterbalance China, and noted India's strong interest in East Asian Summit participation. On global architecture, Rao hoped that the G-20 would replace the G8 as a premier forum for coordination on global issues, including economics and climate change. End summary.

¶3. (SBU) Following an earlier discussion on bilateral issues (reftel), Indian Foreign Secretary Rao and Under Secretary

Burns reviewed a wide range of regional issues over a 90-minute working lunch on October 16. Also present on the U.S. side were Ambassador Roemer, Assistant Secretary for South and Central Asia Bob Blake and NSC Acting Senior Director Anish Goel. Indian participants included Joint Secretary for the Americas Gaitri Kumar, Director of the Foreign Secretary's Office Amit Kumar, and Americas Director Vani Rao.

PAKISTAN DIALOGUE CONTINUES, BUT ACTIONS FALL SHORT  
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14. (C) Rao opened discussion by reviewing her 3-hour meeting with Pakistani Foreign Secretary Bashir last month, on the margins of UNGA. While concluding that discussions went well, she described the Pakistani side as "going to great lengths" to take an exculpatory approach. The Pakistanis assured her that the trials of seven Mumbai suspects would proceed on October 3 -- they had begun later and already been adjourned -- and would take some three to five months to complete. Bashir also pressed for a roadmap and graduated process towards resuming the Composite Dialogue. Rao noted that her response to Bashir focused on the centrality of the Mumbai attacks investigation and prosecution to progress on dialogue issues; the Mumbai attacks were not some distant foreign policy issue for the Indian public, who demanded answers and accountability. While conceding that Pakistan's admission that the attacks originated in Pakistan was a positive step, Rao voiced frustration over Pakistan's overall

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response, which she characterized as a "charade." Rao noted that Bashir had claimed, during the New York discussions, that Pakistan lacked evidence to take judicial action against Hafiz Saeed. India found this claim unacceptable, as it had made painstaking efforts to provide Pakistan with six dossiers of evidence against Saeed, information that while perhaps not sufficient to win conviction, merited a serious investigation by the Pakistani government. Rao concluded that all the world knew that Hafiz Saeed led the LeT and that the JuD continued to incite terrorism. While Pakistan had been afflicted by terrorism, this did not make Mumbai accountability any less urgent for India.

15. (C) Rao confirmed that she had pressed Bashir on increased terrorist infiltrations across the Line of Control (LOC) into India and the increased activity by base camps along the LoC, which sent infiltrators into India earlier (before the snowmelt) and better equipped (wearing Patagonia, she quipped) than usual this year. Rao asserted that Pakistan was pursuing a policy of actively fomenting unrest in Jammu and Kashmir (J/K), and claimed India had evidence of a Pakistani role behind several attacks and abortive attempts at demonstrations in J/K this year. With no change in Pakistan's Kashmir policy and the continued lack of progress on Mumbai accountability, Rao concluded that India was not in a position to respond to Pakistan's request for a PM Singh-President Zardari meeting on the margins of the November 26 Commonwealth Summit.

16. (C) Responding to Rao's points, U/S Burns affirmed that the United States would continue to press Pakistan to take further steps on Mumbai prosecutions and curb terrorist infrastructure and infiltrations. The United States recognized the difficulties faced by the Pakistani government and could not promise concrete results, but would continue to press hard. U/S Burns cited the recent spate of terrorist attacks in Peshawar, Lahore, and Rawalpindi as confirmation that the Pakistani government remained the target of Pakistan-based extremists, as well. U/S Burns also assured Rao that there was no "either or" proposition with respect to Pakistan-based terror groups; we would continue to press Pakistan for action on all fronts. Rao welcomed the U.S. stance and observed that recent series of attacks in Pakistan pointed to the "cancer" of extremism in Pakistan. She

thought that Punjab-based terror organizations likely played some role in the latest attacks.

#### QUIET RECONCILIATION EFFORTS WITH KASHMIR SEPARATISTS

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17. (C) Asked about Home Minister Chidambaram's recent visit to Srinagar and statements suggesting GoI readiness for dialogue with Kashmiri separatists, Rao described the GoI as engaged in a delicate internal process of "winning hearts and minds." India was well aware of Pakistan's close relationship with Hurriyet and other Kashmiri separatist parties, and would not seek to control to whom they spoke. At the same time, Rao observed that the central government had invested considerable development funding in Jammu and Kashmir, was talking to political parties, and was seeking to restore normalcy and assuage local concerns on the deployment of Indian army forces there. Such efforts could succeed, she concluded, only in the absence of Pakistani interference.

#### AFGHANISTAN: NEED TO AFGHANIZE POLICE AND ARMY

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18. (C) FS Rao welcomed U/S Burns's update on the President's ongoing strategic review on Afghanistan, particularly his emphasis that the U.S. was not seeking an exit strategy and was proceeding carefully and methodically to sharpen our strategic approach. U/S Burns assured Rao of U.S. appreciation and support for Indian contributions to, and sacrifices in, Afghanistan. Rao observed that she had traveled to Kabul immediately after the October 8 bombing of

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the Indian Embassy there. In her meetings with Afghan President Karzai, FM Spanta, and NSA Massoud, she found all determined to fight radicalism and eager to discuss police training and capacity building for the Afghan National Army (ANA). Rao stressed the humanitarian nature of India's contributions in Afghanistan, noting that India's recently completed power transmission line into Kabul had been built at an altitude of 3,000 meters, a feat never accomplished in India. Rao and Burns agreed on the need to "Afghanize" police and army forces; as an example of improved local capacity, Rao noted that ANA troops, with U.S. assistance, had recently apprehended a Taliban leader responsible for the murder of an Indian engineer. Rao also affirmed India's commitment to non-security related capacity building in Afghanistan, noting that India had recently increased the number of exchange scholarships for Afghans by 35 percent, to some 1,300 total.

#### SRI LANKA:

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19. (C) A/S Blake briefed Rao on U.S. efforts to press for freedom of movement and resettlement for IDP's, noting strong concern over the impact of monsoons on humanitarian conditions in the camps. Rao concurred on the need to monitor the situation and stressed that a continuous stream of high-level visitors to Sri Lanka would help promote progress. She observed that a delegation of Tamil Nadu politicians to Sri Lanka recently returned reassured of the conditions in the camps, and were invited to return for a follow-up visit three months from now. On prospects for political reconciliation, Rao suggested that President Rajapaksa would wait until April 2010 parliamentary elections to proceed in earnest, as he needed a sufficient majority to move forward and remained confident he would obtain it. Rao demurred when asked by A/S Blake whether India would attend an upcoming meeting of the Tokyo Co-Chairs, noting that India's stance had been misrepresented in such gatherings in the past and that India was making good progress in its reconstruction efforts in Sri Lanka, including a 100 million USD credit extension and a project to rebuild rail/ferry links between the two countries. Rao concurred with A/S

Blake's assertion that the co-chairs format had perhaps outlived its usefulness and could be expanded more widely to include countries with common interests, but she expressed concern on including China in such a new grouping. Rao asserted pointedly that India had a role to play in helping rehabilitation and reconciliation in Sri Lanka and would not be supplanted in this regard by China, which took a different view.

#### CHINA AS STRATEGIC CHALLENGE

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¶10. (C) Asked by the Ambassador to elaborate on India's perspective on China, particularly given her experience as India's ambassador in Beijing, Rao affirmed that China's rise was changing the way that India looked at its relations with Beijing, its neighbors, and the world beyond. She summed up that while Pakistan posed a "security risk" to India, China represented a long-term "strategic challenge." Rao asserted that bilateral relations were progressing, despite India media hype over alleged border incursions and Chinese claims on the northeastern state of Arunachal Pradesh. Rao added that despite the difference in Indian and Chinese interpretations of the Line of Actual Control (LAC), peace was being maintained on India's border with China. The problem remained that China remained unwilling to discuss the disputed border, and in the absence of clarity on the LAC, a certain "fog of peace" existed. Rao added that China had, in recent years, become more assertive on all its disputed territorial claims, with Japan, Vietnam and others, but that its land border with India represented the biggest unsettled one.

¶11. (C) Rao added that increased PRC assertiveness on border

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issues had coincided with the rise of a certain "edgy nationalism" and increased xenophobia among the Chinese people, as well as a rising Chinese government profile in India's neighborhood. Rao cited Nepal as an example of newfound PRC interventionism and a total shift in China's approach. She noted that Beijing was assiduously cultivating ties with the Maoists, despite their differences in ideology, and that Maoist leader Prachanda had been received at the highest levels in Beijing twice in the past two months. Meanwhile, the increased presence of "China study centers" in Nepal close to the Indian border presented an additional challenge, given India's porous border with Nepal. Rao also cited Pakistan as another example of China pursuing its interests singularly, without respect to ideology. Commenting that India had no illusions with respect to China's role in Pakistan, Rao observed that China had made a significant investment cultivating the ISI and Pakistani army that it was not inclined to give up. At the same time, she asserted that China was reaching out to Islamic organizations in Pakistan, and cited a recent agreement concluded between the International Relations Department of the PRC Communist Party and the Jamaat e-Islami opposition party in Pakistan. Summing up, Rao noted that China was no longer confining its activism to the Tibetan plateau, which represented a "game changing" development for Indian policymakers.

¶12. (C) Asked to assess China's long-term strategic challenges, Rao cited the February 2009 incident in which fireworks accidentally hit the newly built Beijing architectural wonder, the CCTV building, which burned down in one hour. She summed up that China appeared stable, but as shown in Tiananmen Square 20 years ago, its course could shift quickly due to seemingly inconsequential or unforeseen events. That said, she concurred with U/S Burns that the PRC had learned lessons from the fall of the Soviet Union and had acted accordingly to consolidate the Communist party's hold on power. She described the PRC's leadership as being attuned to changes in the domestic and global environment, and selecting young leaders wisely, while remaining obsessed with guarding the unquestioned authority of the Communist

party. She concurred with Burns that the PRC had not learned a second lesson from the fall of the Soviet Union, with respect to its handling of nationalities, which remained overly heavy-handed.

#### RUSSIA-CHINA ROLE REVERSAL

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¶13. (C) In a brief exchange on Russia and China, Rao observed that Russia had built quite a stable relationship with Beijing, thanks in part to the disappearance of most territorial disputes after the breakup of the Soviet Union and Russia's subsequent concessions. Rao noted that China had leveraged its demand for Russian energy to become the dominant partner in the relationship with Moscow, a role reversal relished by Beijing. Within the Shanghai Cooperation Organization, Rao noted that both Russia and China effectively ran the organization and had the last word, though China set the tone. Rao thought that there was room for the United States and India to engage Russia further on China and send signals to Beijing.

#### OTHER EAP ISSUES: BURMA, DPRK, JAPAN, EAST ASIA SUMMIT

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¶14. (C) On other EAP issues, Rao voiced support for the Secretary's decision to pursue cautious engagement with Burma, and expressed hope that such efforts would produce positive results and progress on reconciliation. Rao observed that the Burmese Army Chief of Staff had recently visited India and that continued communication with the regime should help encourage progress. She added that there had been a negative shift in Burma-China relations, over differences on tribal areas, with Beijing appearing to seek to balance its approach more in line with the international community. U/S Burns observed that DPRK misbehavior and

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repudiation of the Six Party framework, in a peculiar way, may be helping encourage China's distancing from Rangoon; in response to a query from FS Rao, he noted that we had no additional information on alleged transfers of nuclear technology between the DPRK and Burmese regimes.

¶15. (C) Rao observed that India was seeking to forge closer partnerships with Japan and South Korea, particularly on regional and maritime cooperation, in part to send signals to Beijing. Rao also affirmed India's strong interest in continued participation in the East Asia Summit, given India's historic and contemporary links to the East Asia region. To this end, PM Singh would attend the ASEAN summit in Bangkok, where he planned to see PRC Premier Wen and build on the initial contact he had with Japanese PM Hatoyama in Pittsburgh. Rao commented that China saw the East Asia Summit as mainly comprised of China, Japan, and South Korea, while Japan had a more open approach.

#### G-20 VERSUS G8

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¶16. (C) In a brief exchange on future prospects for the G-20, Rao surmised that much depended on the destiny of the G8. She quipped that China remained hopeful that the United States was preparing funeral rites for the G8, and saw the G20 as the only way forward. Rao expressed her personal view that the G-20 had emerged as the best forum to discuss global issues (such as the world economy and climate change), while the G8 remained more appropriate for political and strategic discussions. U/S Burns observed that while it was premature to signal the G8's demise, the G-20 represented a welcome evolution in the global architecture, which remained in need of a revamp to address 21st century realities and bridge historical differences to reach greater common ground.

#### WIDER MIDDLE EAST: IRAN, IRAQ, AND ARAB-ISRAELI CONFLICT

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¶17. (C) Over the course of discussion, U/S Burns updated Rao on the latest U.S. thinking on the wider Middle East, including P5 1 discussions with Iran, the drawdown of U.S. forces in Iraq, and efforts to advance Arab-Israeli peace negotiations. Rao welcomed U.S. views on these issues but offered no substantive comments in response.

ROEMER